

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 12, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO # 23 : COMPARISON OF GENERAL FUND REVENUE
SOURCES AMONG NORTHERN VIRGINIA JURISDICTIONS
(COUNCILWOMAN WOODSON'S REQUEST)

At the March 20, 2002, work session, Councilwoman Woodson requested a comparison of sources of General Fund revenues among Northern Virginia jurisdictions. The attached chart provides a comparison of the primary sources of revenue for four Northern Virginia jurisdictions.

LOCAL TAXES

Real Property Tax Revenue: The largest single source of revenue in each locality is real property tax revenue. The percentage of real property tax revenue compared with the total General Fund revenue is as follows:

| Jurisdiction | Real Property Tax Revenue as a Percentage of Total General Fund Revenue |
|---------------------|--|
| Alexandria | 49% |
| Arlington | 47% |
| Fairfax County | 57% |
| Prince William | 52% |

Personal Property Tax Revenue: For comparison purposes, the personal property tax category includes both locally collected personal property taxes and those reimbursed to the locality by the Commonwealth.

| Jurisdiction | Personal Property as a Percentage of Total General Fund Revenue |
|---------------------|--|
| Alexandria | 14% |
| Arlington | 13% |
| Fairfax County | 19% |
| Prince William | 16% |

Total property taxes, including real and personal property taxes and interest and penalties, account for a minimum of 60 percent of total general revenue (Arlington) and a maximum of 77 percent (Fairfax County). Property taxes generate 64 percent of total General Fund revenue in Alexandria and 65 percent in Prince William. These differences generally reflect the fact that Fairfax County and Prince William's residential sector is larger (and the commercial sector smaller) than either Alexandria or Arlington.

Other Local Taxes: Other local taxes include business and professional occupational license tax (BPOL), sales tax, and motor vehicle license tax and other miscellaneous taxes in all four jurisdictions. However, there are discrepancies among the various categories throughout the region. For example, Arlington County only levies a commercial utility tax and not a residential utility tax; and Fairfax County and Prince William County do not levy a meals sales tax (a voter referendum is required in those jurisdictions). As a whole, other local taxes make up a significant portion of the overall General Fund revenues for all jurisdictions, but more so in Alexandria and Arlington due to both a larger commercial sector, as well as higher consumer tax rates on meals, transient lodging and BPOL taxes .

| Jurisdiction | Other Local Taxes as a Percentage of Total General Fund Revenue |
|---------------------|--|
| Alexandria | 23% |
| Arlington | 20% |
| Fairfax County | 14% |
| Prince William | 15% |

Total Local Revenue: Locally generated revenue makes up the significant majority of all General Fund revenue, ranging from 80 percent in Arlington County, to 91 percent in Fairfax County. Local taxes comprise 87 percent of Alexandria's total General Fund revenues.

NON-LOCAL TAXES

Non-local taxes are characterized very differently throughout the Northern Virginia region. Most significantly different are intergovernmental revenues, charges for services, fines and forfeitures, and a category unique to Prince William County, "Agency Revenue."

Intergovernmental Revenue: Not including the personal property tax reimbursement that is sometimes categorized as intergovernmental revenue, revenue from the Commonwealth and federal government account for a small percentage of overall revenue. It should be noted that the General Fund intergovernmental revenue category in Arlington County includes revenues that in Alexandria are budgeted in a separate Special Revenue Fund. For example, specific grants and reimbursements that Alexandria budgets in the Special Revenue Fund are budgeted in the General Fund in Arlington County. Prince William County budgets most of their intergovernmental revenue under the category, "Agency Revenue," which attributes various sources of revenues to the individual department responsible for generating the revenue. This explains why their General Fund only shows 0.4 percent in intergovernmental revenue.

| Jurisdiction | Intergovernmental Revenues as a Percentage of Total General Fund Revenue |
|----------------|--|
| Alexandria | 7% |
| Arlington | 12% |
| Fairfax County | 5% |
| Prince William | 0.4% |

Other Revenue: This category includes all other non-locally generated tax revenue, including charges for services, fines, permits and fees and revenue generated from the use of money and property. As stated above, Prince William County includes revenue generated from the Commonwealth and the federal government in a General Fund category called "Agency Revenue," which is reflected below as an "Other Revenue." It should be noted that Prince William County does not identify any revenues directly resulting from charges for services or fines and forfeitures in its General Fund.

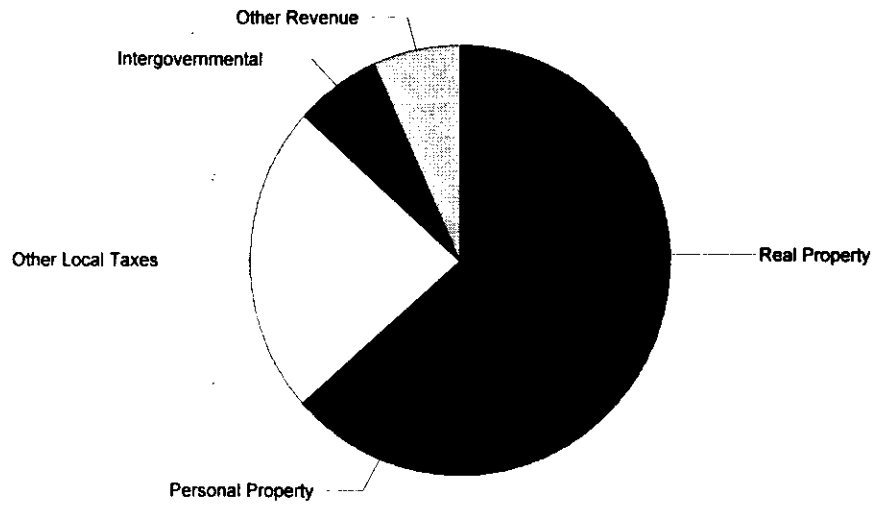
| Jurisdiction | Other Revenue as a Percentage of Total General Fund Revenue |
|---------------------|--|
| Alexandria | 7% |
| Arlington | 9% |
| Fairfax County | 4% |
| Prince William | 16% |

ATTACHMENTS: 1. Comparison of Revenues FY 2003 Pie Chart

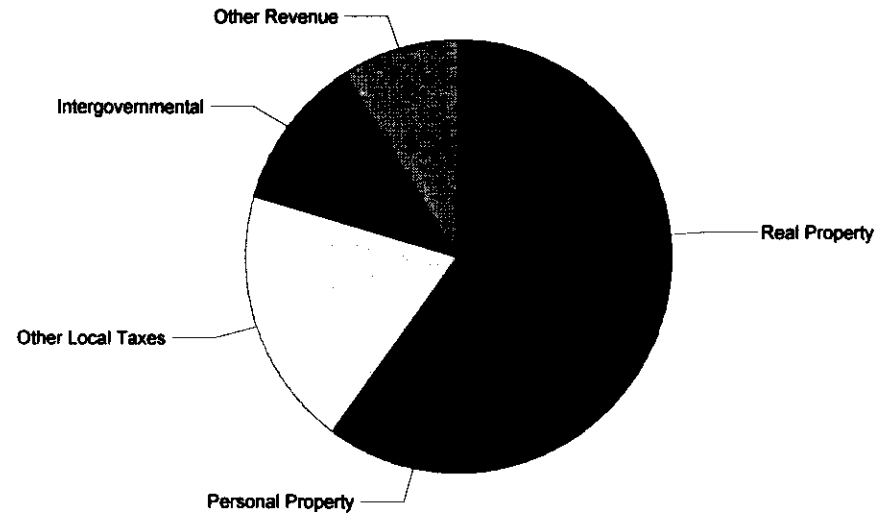
STAFF: Kendel Taylor, Analyst, Office of Management and Budget

Comparison of General Fund Revenues FY 2003

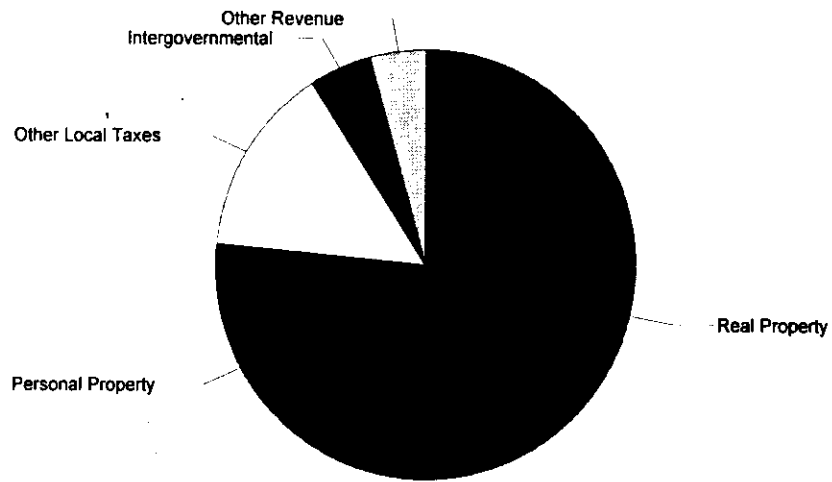
Alexandria - \$363.5m



Arlington - \$604.2m



Fairfax - \$2,455m



Prince William - \$531.2m

